



EX PARTE OR LATE FILED

NASUCA

National Association of State Utility Consumer Advocates

1133 15th Street, N.W., Suite 575, Washington, D.C. 20005

(202) 727-3908 Fax (202) 727-3911

October 5, 1994

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DEBRA R. BERLYN

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Ex Parte Letter

In the Matter of Amendments of Parts 32, 36, 61, 64, and 69
of the Commission's Rules to Establish and Implement
Regulatory Procedures for Video Dialtone Service, RM-8221

Dear Mr. Caton:

On October 5, 1994, Martha S. Hogerty, President of the National Association of State Utility Consumer Advocates (NASUCA), directed a letter to Chairman Hundt to state NASUCA's concerns related to the above-cited proceeding. A copy of the letter was sent to all the Commissioners. In this letter, NASUCA urged the Commission to act promptly on the issue of video dialtone cost allocations.

A copy of the letter and an accompanying NASUCA resolution are attached to this communication.

Sincerely,

Debra Berlyn
Executive Director

Enc: Letter to Chairman Hundt, October 5, 1994

cc: Martha S. Hogerty

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DEBRA R. BERLYN

Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

On behalf of the National Association of State Utility Consumer Advocates (NASUCA), I am writing to convey our concerns on the issue of video dialtone cost allocations. NASUCA is an association of 41 consumer advocate offices in 37 states and the District of Columbia, whose members are designated by state law to represent the interests of utility consumers before state and federal regulators and in the courts.

While NASUCA recognizes the importance and potential benefit which consumers may receive from a video dialtone network, we believe it is essential for the Commission to determine an appropriate method of cost allocation for this network.

NASUCA has maintained this concern for a number of years. On November 12, 1991, NASUCA passed Resolution 1991-18 "Urging the Federal Communications Commission and the Joint Board to Revise the Present Allocation of Subscriber or Common Lines Used for Local Exchange Service in Order to Reflect the Changing Usage Of Those Lines for Broadband Services." A copy of this resolution is enclosed. We have also filed comments in support of the Petition of the Consumer Federation of America and the National Cable Television Association¹ to revise the present methods of cost allocation in order to avoid improperly assigning the cost of a video network to local exchange service.

¹In the Matter of Amendments of Parts 32, 36, 61, 64, and 69 of the Commission's Rules to Establish and Implement Regulatory Procedures for Video Dialtone Service, RM-8221.

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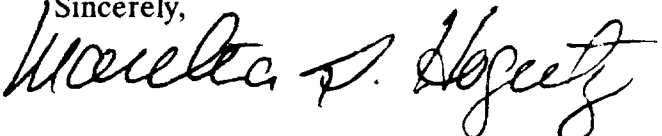
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Reed E. Hundt
October 5, 1994
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As representatives of telecommunications consumers, we are committed to maintaining universal telecommunications service and we see video dialtone cost allocations as a critical issue in that effort. NASUCA submits that customers that do not have access to video dialtone or do not choose to use it must not be forced to pay costs incurred to provide video dialtone service. Companies which submit video dialtone applications must be put on notice that they cannot expect local telephone customers to be guarantors of investment in video dialtone facilities simply because a portion of such investment may also be jointly used to provide telephone service. Such joint cost misallocation unfairly harms consumers and has the potential for skewing competitive service pricing far from its underlying costs.

NASUCA therefore urges the Commission to act promptly on the issue of video dialtone cost allocations. As the pace of activity accelerates in this area, we consider this issue essential to preserving "just and reasonable" rates and universal telecommunications service to all consumers.

Thank you for your consideration of our concerns.

Sincerely,


Martha S. Hogerty
President

cc: Commissioner Andrew C. Barrett
Commissioner James H. Quello
Commissioner Susan Ness
Commissioner Rachelle B. Chong

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES

R E S O L U T I O N

**Urging The Federal Communications Commission
And The Joint Board To Revise The Present
Allocation Of Subscriber Or Common Lines
Used For Local Exchange Service
In Order To Reflect The Changing Usage
Of Those Lines For Broadband Services**

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OCT 15 1994

FEDERAL COMMUNICATIONS COMMISSION
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WHEREAS, the Federal Communications Commission will separate the costs of subscriber or common lines used for local exchange service 75% to the intrastate jurisdiction and 25% to the interstate jurisdiction;

WHEREAS, local exchange carriers have begun deploying optical fiber in the distribution loop. This will allow consumers to use services which require broadband capacity, and various states have encouraged their local exchange carriers to provide such broadband capacity;

WHEREAS, local exchange carriers have initiated demonstration projects which provide video service to subscribers and the provision of video service may increase as the deployment of fiber distribution plant increases;

WHEREAS, the Federal Communications Commission has asserted interstate jurisdiction over the transmission of video signals locally whenever those signals originate from other states. It presently appears that, if the local exchange carriers offer increased transmission of multi-channel video services over their loop facilities, the majority of such services and revenues may be beyond the jurisdictional authority of the state commissions while intrastate jurisdictional services would continue to be responsible for 75% of the cost of subscriber common lines not considered to relate to regulated services by the FCC;

WHEREAS, the Joint Board is scheduled to consider revising the separations factor applicable to subscriber or common line costs at their meeting on November 12, 1991;

WHEREAS, it would be inequitable for the local loop system to be rebuilt at great expense by local exchange carriers in order to provide the capability to provide broadband services and 75% of the costs related to regulated services related to such reconstruction continue to be applied to intrastate services while the majority of the revenue generated by broadband services may not be subject to state jurisdictional authority;

THEREFORE, BE IT RESOLVED, that the National Association of State Utility Consumer Advocates calls upon the Joint Board and the Federal Communications Commission to revise the separations factor by which 75% of the costs of subscriber or common lines jointly used for local exchange service are allocated to the intrastate jurisdiction and the manner by which non-regulated costs are removed from the costs related to regulated authority;

BE IT FURTHER RESOLVED, that NASUCA urges the Joint Board and the Federal Communications Commission to revise the separations formula or cost removal method in order to fairly reflect the extent to which broadband services shall be transmitted over subscriber or common lines;

BE IT FURTHER RESOLVED that NASUCA authorizes its Executive Committee to develop specific positions and to take appropriate actions consistent with the terms of this resolution. The Executive Committee shall advise the membership of any proposed action prior to taking such action if possible. In any event, the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

Approved by NASUCA:

San Antonio, Texas
Place

November 12, 1991
Date

Submitted by:

NASUCA Telecommunications Committee

Committee Members:
Jack Shreve (FL) Chair
Ronald Binz (CO)
Philip McClelland (PA)
David Conn (IA)
John Glynn (MD)
Martha Hogerty (MO)
Robert Johnson (IN)
Michael McCrae (DC)
Richard McIntire (MO)
Philip Shapiro (NY)
Bruce Weston (OH)